

Corporate news

KAP ACHIEVES SIGNIFICANT INCREASE IN REVENUE IN THE 2022 FINANCIAL YEAR

- Revenue up 25% to €433.4 million
- Normalised EBITDA up slightly to €35.7 million
- Forecast for full year realised despite difficult background conditions
- Challenging fourth quarter due to time lag in passing on cost increases as well as supply chain issues at key customer groups, and still subdued demand overall

Fulda, 15 March 2023 – KAP AG (“KAP”), a listed mid-sized industrial holding company, generated revenue from continuing operations of €433.4 million in the 2022 financial year according to provisional and as yet unaudited figures (previous year: €345.6 million). Revenue was thus significantly up on the level of the 2021 financial year by around one-quarter. Excluding the contribution to revenue from the Haogenplast acquisition, this corresponds to organic revenue growth of about 11,1 %. Normalised earnings before interest, taxes, depreciation and amortisation (normalised EBITDA) were increased slightly from €35.0 million in the previous year to €35.7 million. Despite difficult background conditions, the KAP Group has thus realised the full-year forecast as set out in the guidance issued in April 2022, with group revenue up significantly year on year and normalised EBITDA expected to be slightly up on the previous year.

The normalised EBITDA margin narrowed from 10.1% to 8.2%, thus falling short of the target value of 10.0%. Earnings were impacted in the reporting period by significantly higher materials and energy costs, which could only be passed on to customers in part and with a time lag.

Eckehard Forberich, member and Spokesman of the Management Board of KAP AG: “Our products continue to be in high demand among customers across all segments. In the 2022 financial year, we were able to pass on relevant portions of the extrinsic cost increases, albeit not to the full extent and also partly with a time lag. We are addressing these challenges by partially re-sharpening and stepping up the pace to complete our Accelerate strategy programme, the implementation of which has so far progressed exceedingly well.”

All segments report revenue increases and varying earnings trends

According to the provisional figures, the *engineered products* segment was able to pass on the higher prices to customers to a relevant extent. As a result, both revenue and segment profit were up over 20% year on year.

Strengthened by the acquisition of Haogenplast completed in February 2022, the *flexible films* segment also showed significant double-digit revenue and earnings growth.

The *precision components* and *surface technologies* segments and their products are dependent to a greater extent on the automotive sector, although they are largely independent of the type of drive. That

said, several customers in these segments postponed the placement of new orders – as a result of global supply chain disruptions – rescheduling for the current financial year. Revenue in the *precision components* segment increased significantly. However, the increased costs of energy and materials could not be passed on to full extent, leading to a very significant decline in segment profit.

The *surface technologies* segment recorded double-digit percentage revenue growth in the 2022 financial year. This positive development was attributable in particular to the successful commissioning of a new zinc/nickel plant in Poland and initial contributions from the new plant in Jasper, USA. However, the negotiations with customers regarding the passing on of price increases, some of which were considerable, could not be passed on to customers to any appreciable extent in this segment until the beginning of 2023, so that the segment profit in the past financial year is merely in the single-digit range.

Increase in net debt

Net debt stood at around €109 million as of 31 December 2022 (previous year: around €52 million). The increase was due in particular to financing the Haogenplast acquisition. Furthermore, working capital has increased – on the one hand in line with the price increases and, on the other hand, KAP has also actively invested in working capital to enable it to respond flexibly to any supply chain problems.

Strategic reinforcement and further increase in financial solidity

As part of the Accelerate strategy programme, KAP AG continued to strategically develop its portfolio in the 2022 financial year – most notably through the acquisition of Haogenplast in the *flexible films* segment. In the prevailing challenging times, the early refinancing based on a new syndicated loan of €125 million was also important for KAP AG. Subject to approval, a further €50 million is available under this agreement for further acquisitions. KAP AG has thus further expanded and strengthened its long-term financial solidity and flexibility. Furthermore, KAP entered into an agreement to sell part of the *flexible films* segment effective 6 March 2023. With the divestment, KAP is continuing to pursue its strategy as planned and increasing its financial flexibility to realise strategically relevant major projects in its core segments, among other things.

Annual report 2022

Scheduled to be published on 27 April 2023, the complete and audited annual report 2022 will be available on the company's [website](#). It will also include the forecast for the 2023 financial year and the dividend for the 2022 financial year proposed to the Annual General Meeting.



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About KAP AG

KAP AG is a listed industrial holding company focused on upper mid-size operating companies that seizes attractive growth opportunities in their respective niche markets. Specifically, KAP AG currently focuses on four distinct operating segments: engineered products, flexible films, surface technologies and precision components. The Group lets its shareholders participate in the long-term sustainable value development through an attractive dividend. KAP AG currently has some 2,900 employees at 28 locations in twelve countries. KAP AG is a Participant of the United Nations Global Compact and adheres to its principles-based approach to responsible business. KAP AG's shares are listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard, ISIN DE0006208408).